

Province of



Saskatchewan

DEPARTMENT OF MINERAL RESOURCES

THE PETROLEUM AND NATURAL GAS
REGULATIONS, 1958

O/C 2355/57

GAZETTED JANUARY 10, 1958

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PETROLEUM AND NATURAL GAS REGULATIONS

UNDER THE MINERAL RESOURCES ACT

*Published in The Saskatchewan Gazette, dated Friday, January 10, 1958;
Volume 54, No. 2; Pages 24 to 43.*

O.C. 2355/57. Regina, December 20, 1957.
Approved and Ordered. Lieutenant Governor.

The Executive Council has had under consideration a report from the Minister of Mineral Resources, dated December 16, 1957, stating that Order in Council No. 873/56 as amended by Order in Council No. 603/57 established the Petroleum and Natural Gas Regulations, 1956, under the authority of The Mineral Resources Act;

The Minister further states that it is deemed advisable and in the public interest to revise and consolidate the said Petroleum and Natural Gas Regulations, 1956, and to make the regulations set out in the Schedule hereto in the manner hereafter stipulated, apply to dispositions heretofore or hereafter made of Petroleum and Natural Gas Rights the property of the Crown, and further to make the provisions of Part VII of the said regulations apply to all lands situated in the province other than lands excepted under subsection (2) of section 4 of the said regulations.

Upon consideration of the foregoing report and on the recommendation of the Minister of Mineral Resources, the Executive Council advises that His Honour's Order do issue, under the authority of The Mineral Resources Act, rescinding Orders in Council Nos. 873/56 and 603/57 and establishing the regulations set out in the Schedule hereto as the regulations which shall apply to all the dispositions of Petroleum and Natural Gas Rights, the property of the Crown, heretofore or hereafter made, and providing that the provision of Part VII of the regulations set out in the Schedule hereto shall apply to all lands situated in the province other than the lands excepted under subsection (2) of section 4 of the said regulations.

H. S. LEE,
Clerk Executive Council.

SCHEDULE

PETROLEUM AND NATURAL GAS REGULATIONS UNDER THE MINERAL RESOURCES ACT

PART I

INTRODUCTORY

1. These regulations may be cited as The Petroleum and Natural Gas Regulations, 1958.

Interpretation

2. Subject to section 3 these regulations shall be construed with reference to the terms and interpretation of The Mineral Resources Act.

Definitions

3. In these regulations, unless the context otherwise requires, the expression:

(1) "adjoin or adjoining" when used in connection with subdivisions of land means touching at one or more points provided that two subdivisions of land which, because of the existence of a correction line, road allowance, railway or any right-of-way or combination of rights-of-way between them, do not touch, shall be deemed to be adjoining;

(2) "barrel" means thirty-five (35) standard gallons (Weights and Measures Act, Canada);

(3) "commercial quantities" means the production from a well of such quantity of petroleum or natural gas as would, in the opinion of the minister, economically warrant the drilling of a like well in the vicinity thereof for the taking of such production, consideration having been given to the cost of drilling and production operations, the available market and the value, nature and quality of the petroleum or natural gas;

(4) "Crown Land" means petroleum and natural gas rights, the property of the Crown, which are designated in the department as Crown Land;

(5) "cubic foot of gas" means the volume of gas contained in one cubic foot of space at a standard pressure base of 14.65 pounds per square inch absolute and a standard temperature base of 60 degrees Fahrenheit;

(6) "director" means the Director of Petroleum and Natural Gas in the Department of Mineral Resources;

(7) "drainage unit" means the area allocated to a well for the purpose of drilling for and producing oil or gas, and includes subsurface areas bounded by the vertical planes in which the surface boundaries lie;

(8) "grantee" means the holder of a permit, lease, drilling reservation or other disposition in respect to Crown Lands;

(9) "natural gas" or "gas" means all natural gas, including casinghead gas, and all hydrocarbons not defined as oil in subsection (10).

(10) "petroleum", "crude", "crude oil", or "oil" means crude petroleum oil and all other hydrocarbons, regardless of gravity, which are produced at the well in liquid form by ordinary production methods and which are not the result of condensation of gas;

(11) "reservation" or "drilling reservation" means a reservation of petroleum and natural

gas rights issued pursuant to these regulations or regulations previously in effect;

(12) "well" means any opening in the ground, excepting seismic shot holes or structure test holes, made or being made by drilling or boring, or in any other manner through which any oil or gas is obtained or obtainable, or for the purpose of obtaining any oil or gas, or for the injection of any fluid in an underground reservoir; and

(13) "petroleum and natural gas" or "petroleum or natural gas" means petroleum and natural gas or either one of them.

Application

4.—(1) These regulations shall apply to the petroleum and natural gas rights which are the property of the Crown in the right of the Province of Saskatchewan and to the disposition thereof as follows:

(a) Part II shall apply to dispositions of Crown Land made heretofore or hereafter by means of exploratory permits;

(b) Part III shall apply to dispositions of Crown Land made heretofore or hereafter by means of drilling reservations;

(c) Part IV shall apply to dispositions of Crown Land by means of leases acquired pursuant to bids or offers;

(d) Part V shall, subject to Part IV, apply to all leases of Crown Land heretofore or hereafter issued or granted; and

(e) Part VI shall apply to all exploratory permits, drilling reservations, leases or other dispositions of Crown Land issued or granted heretofore or hereafter.

(2) Notwithstanding subsection (1), Part VII shall apply to all lands situated in the province except:

(a) Freehold lands wherein the owner of the surface rights is also the owner of the rights to the petroleum and natural gas; and

(b) Freehold land in respect of which an agreement for the use of the surface for a well site has been made prior to the first day of November, 1953 as long as such agreement remains in effect.

PART II

EXPLORATORY PERMITS

Application for Permit

5. An application for a permit to explore for petroleum and natural gas may be submitted to the department, and the minister may issue such permit in accordance with these regulations for any area of land not exceeding 100,000 acres in respect of which the petroleum and natural gas rights are the property of the Crown.

Requirements for Application

6. The application for a permit shall be accompanied by

(a) a plan and description of the lands applied for satisfactory to the minister;

(b) a program of the work which the applicant intends to carry out;

(c) a statement proving the applicant's ability to have the proposed work done where such proof is not already of record in the department;

(d) the rental for the first year, which shall be retained by the department if the permit is granted or returned to the applicant if the application is rejected; and

(e) the names and addresses of the directors and officers of the applicant, if the applicant is a corporation and such information is not of record in the department.

Excluded Areas

7. When there is leased Crown Land within the outer boundaries of an area under application for permit, an amount of Crown Land in each township or portion of a township within such area equal to the amount of the Crown Land so leased therein shall be excluded from the permit.

Rights Granted

8.—(1) Subject to the provisions of The Geophysical Exploration Regulations the permit shall grant to the permittee the right, licence, privilege and authority to explore the lands therein described for petroleum and natural gas but not to remove, produce or recover such petroleum and natural gas until a lease pursuant to these regulations has been applied for and the granting thereof approved by the minister.

(2) Notwithstanding subsection (1), upon the application of the permittee, the minister may, if he deems it advisable, waive the requirement of lease for a specified period upon such terms and conditions as he may designate in order that the permittee may place a well on production for production test purposes.

Term

9.—(1) The term of the permit shall be three years from the date of issue provided that if the permit is issued between the first day of October and the first day of March the term shall commence on the first day of March or such earlier date within the said period as the applicant may specify.

(2) Notwithstanding subsection (1) in the northern portion of the sedimentary basin, the minister may, if he considers it to be in the public interest, grant one year extensions to the permit, in which case all conditions applicable in the third year of the permit will *mutatis mutandis* apply in each year of the extension period. In any extension so granted the minister may impose such other terms and conditions as he deems advisable.

Rental

10. Rental shall be payable in advance each year as follows:

(a) for the first year of the term of the permit at the rate of two cents per acre;

(b) for the second year of the term of the permit at the rate of five cents per acre; and

(c) for the third year of the term of the permit at the rate of ten cents per acre.

Commence Operations

11. The permittee shall, within ninety days after the commencement of the term of the permit or such other time as may be approved by the minister, commence operations in respect of the lands described in the permit with a view to the discovery of petroleum and natural gas and he shall diligently carry on such operations.

Minimum Expenditure Requirements

12.—(1) The permittee shall during the first year of the term of the permit expend in exploring for petroleum and natural gas in and upon the lands described in the permit a sum equivalent to at least twenty cents for each acre of such lands or \$10,000.00, whichever shall be the greater.

(2) The permittee shall during the second year of the term of the permit expend in exploring for petroleum and natural gas in and upon the lands described in the permit a sum equivalent to at least forty cents for each acre of such lands and he shall expend at least one-half of such sum or \$15,000.00 whichever shall be the greater, in carrying out actual drilling operations approved by the minister.

(3) The permittee shall during the third year of the term of the permit expend in exploring for petroleum and natural gas in and upon the lands described in the permit a sum equivalent to at least sixty cents for each acre of such lands, and he shall expend at least one-half of such sum or \$15,000.00, whichever shall be the greater, in carrying out actual drilling operations approved by the Minister.

Proof of Expenditures

13.—(1) The permittee shall, within thirty days next following the anniversary date of each year of the term of the permit, furnish the minister with a statement setting forth the estimated sums of money expended in carrying out the work and operations upon the lands described in the permit during such year.

(2) The permittee shall, within four months next following the anniversary date of each year of the term of the permit, furnish the minister with a detailed statement setting forth the sums of money expended in carrying out the work and operations upon the lands described in the permit during such year and such statement shall be certified by a chartered accountant or a certified public accountant satisfactory to the minister or verified by statutory declaration by a person with personal knowledge of the facts and accompanied by the original vouchers or certified copy thereof, verifying the expenditures, provided that if the minister in any particular case so requires, the said statement shall be certified by a chartered accountant or a certified public accountant satisfactory to the minister.

(3) If there is a deficiency in the amount of expenditures required to be made pursuant to the provisions of section 12, the permittee may at the discretion of the minister;

(a) make a cash payment equivalent to the amount of such deficiency in order to maintain the permit in good standing, or

(b) make a cash deposit equivalent to twice the amount of such deficiency which deposit will be refunded upon proof by the permittee that he has expended in the year following such deficiency an amount equivalent to the cash deposit together with the expenditures required by Section 12 for that year; provided that the minister may, if the permittee has expended the amount required by Section 12 for the year following the deficiency but has not expended an additional amount equivalent to the cash deposit, refund a portion of the cash deposit equivalent to the expenditures made over and above the expenditures required under Section 12 and forfeit the remainder to the Crown.

Credit for Expenditures

14.—(1) The amount of the expenditures approved by the minister in respect of the work and operations carried out by the permittee during any year of the term of the permit shall be credited to the permittee against the amount of the expenditures required to be made during such year.

(2) If the permittee shall during any year expend an amount greater than he is required to expend pursuant to Section 12, the excess so created shall be deemed to have been expended in similar work in the next succeeding year but shall be limited as follows:

(a) excess drilling expenditures so credited may not exceed one-half of the required total expenditure in the next succeeding year;

(b) excess expenditure in work other than actual drilling so credited may not exceed one-half of the allowable expenditure in work other than drilling in the next succeeding year; and

(c) notwithstanding paragraphs (a) and (b), the total allowable excess so credited under this subsection shall not exceed one-half of the required total expenditure in the next succeeding year.

(3) If, after applying the excess expenditure in accordance with subsection (2) hereof a further excess remains, such additional excess may be applied against any portion of the requirement for the remaining term of the permit, provided that each dollar of any such excess so applied shall cancel only sixty-six and two-thirds ($66\frac{2}{3}$) cents of each dollar of the expenditure requirement to which it is applied; provided also that:

(a) Any excess in actual drilling expenditures may be applied against the total remaining requirement, and,

(b) Any excess in work other than drilling may only be applied against expenditures allowed in work other than drilling.

(4) Expenditures made in excess of those allowed for credit purposes in accordance with subsections (2) and (3) hereof may be applied against lease rentals pursuant to section 22.

(5) For the purpose of determining the amount expended from time to time as required by section 12

(a) the maximum capital charges shall not exceed the maximum capital cost allowance as provided for in the Income Tax Act (Canada);

(b) the cost of unrecovered casing may be accepted as an expenditure; and

(c) if the area described in the permit is in unsurveyed territory the cost of a recognized legal survey of the area shall be accepted as an expenditure in the year in which any of the work in connection with such survey was done, but the total credit for such survey shall not exceed twenty per cent of the expenditure required to be made during the second year of the term of the permit.

(6) Where acreage included in a permit is surrendered in accordance with these regulations, expenditures in excess of those required by Section 12 shall be proportionately reduced in the ratio of acreage surrendered to acreage held prior to surrender.

Grouping

15.—(1) Upon application the minister may, if he considers it to be in the public interest, allow a permittee who has acquired more than one permit in respect of Crown Lands, whether by assignment or otherwise, to group the lands covered by his permits and in such event the operations carried on upon any of the lands comprising the group shall for the purposes of determining expenditures and credits be deemed to be carried on within the whole of the area comprising the group.

(2) No grouping shall be effected unless approved by the minister in writing and such approval shall be valid for one rental year only.

(3) Excess expenditures credited pursuant to Section 14 shall be prorated to permits within the group on an acreage basis.

Information and Material to be Submitted

16.—(1) The permittee shall, within six months after the end of each year of the term of the permit, furnish the minister with a detailed statement setting forth full particulars of the work and operations carried on upon the lands described in the permit during the preceding year and specifically setting forth the following information accompanied by the following material:

(a) the nature and character of the operations and work performed;

(b) the extent to which drilling operations were carried out;

(c) where a gravity meter survey has been made:

(i) a clear sepia copy of a map showing the location and ground elevation of each station;

(ii) a clear sepia copy of a map showing the final corrected value at each station contoured on 0.5 milligals or less; and

(iii) a translucent copy of the complete report on the survey signed by a qualified geophysicist, geologist or engineer;

(d) where a geophysical survey approved by the minister or an aerial magnetometer or ground magnetometer survey has been made:

(i) a clear sepia copy of a map contoured on a suitable scale, showing the location of each station and the corresponding observed value; and

(ii) a translucent copy of the complete report on the survey signed by a qualified geophysicist, geologist or engineer;

(e) where a seismic survey has been made:

(i) a clear sepia copy of a map showing on the map, or in suitable translucent tabular form, the location and ground elevation of each shot hole and the depth of the overburden, glacial drift, water, sand, gravel, coal, clay and other minerals encountered;

(ii) a clear sepia copy of maps for the most dependable and continuous reflecting horizon above, at, and below the top of the Palaeozoic group where information at these levels is available, based on the best current interpretation of all the seismograms obtained in the permit, indicating the correction datum and velocity functions applied, showing at each shot point the corrected time values or corresponding depths and contoured on the basis of these values, employing a contour interval of .010 seconds or less if the value at the shot point is represented in corrected time; 50 feet or less if the value at the shot point is given in feet; and

(iii) a translucent copy of the complete report on the survey submitted by the contracting seismograph company to the operator, or by the operator's own seismograph department;

(f) where maps are required to be furnished to the minister or copies thereof under this subsection, the paper on which such maps are printed shall not be larger in size than 48 inches by 40 inches; and

(g) in addition to the information requested under subparagraph (ii) of (e), the minister may request clear copies of the seismograms taken at each shot point, with the necessary computational data included on the face of each record and any departmental employee authorized by him may at any time examine the original seismograms and any pertinent data related to them.

(2) Notwithstanding anything contained in subsection (1), the permittee may delay the furnishing of the information required by clause (c) or (d) or paragraph (ii) or (iii) of clause (e) of subsection (1) upon depositing with the department the sum of \$10,000.00 to guarantee that the required information will be furnished not later than six months after the termination of the permit. If such information is furnished before the expiration of six months after the termination of the permit the deposit shall be returned to the permittee, but if the information is not so furnished the amount of the deposit shall be forfeited to

the Crown notice of which shall be given to the permittee.

Release of Information

17.—(1) No information submitted pursuant to paragraph (g) of subsection (1) of section 16 shall be made available to the public.

(2) No information submitted pursuant to paragraph (ii) or (iii) of clause (c), clause (d), paragraph (ii) or (iii) of clause (e) of subsection (1) of section 16 shall be made available to the public except as follows:

(a) if and whenever the permittee, whether during the term of the permit or within 60 days following the expiration thereof, leases less than 30% of the Crown Lands within the permit area in any township, and relinquishes his interest under the permit in the remaining Crown Lands in said township, the minister may as from the effective date of such lease, release all information submitted pursuant to the provisions of this section in respect of such township.

(b) where the permittee leases an amount equal to or greater than 30% of the Crown Lands within the permit area in any particular township at any time during the term of the permit or within 60 days following expiration thereof, such information will not be released with respect to such township within 3 years from the effective date of such lease, provided that if and at any time any Crown Lands subject to lease are reduced or surrendered to an amount less than 30% in any township the minister may as from the date of such reduction or surrender release all such information in respect of such township.

Surrender

18. The permittee shall have the right to surrender all or any part of the lands described in the permit at any time during the term of the permit, but no refund of rental shall be made and the expenditure requirements shall be based upon the acreage included in the permit at the commencement of each rental year.

Convert to Lease Upon Commercial Discovery

19.—(1) Where a well drilled on any land within the boundaries of a permit has determined the presence of petroleum or natural gas in commercial quantities the permittee shall, within ninety days after being notified by the department, make application for a lease or leases of Crown Lands within a rectangular area designated by the permittee in accordance with these regulations and containing not less than 1,280 acres and containing the said well.

(2) The permittee shall not drill any other well or wells on Crown Lands within three miles of the well described in subsection (1) unless and until the application for a lease or leases has been made in accordance with subsection (1).

(3) If a well drilled on a drainage unit adjoining lands covered by a permit has determined the presence of petroleum or natural gas in commercial quantities the minister may, in order to protect the rights of

the crown, require the permittee to surrender in advance that portion of his permit which would under subsection (2) of section 21 become the half mile boundary limit of the section or sections laterally joining such drainage unit.

Right to Lease

20. The permittee shall, subject to the prior compliance with section 12 or 13 (3) in addition to any lease or leases which he may obtain pursuant to the foregoing provisions, have the exclusive right, at any time during the term of the permit and during the period of sixty days after the termination of the permit unless it is terminated for any default on the part of the permittee, to apply for and obtain a lease or leases of lands included in the permit in accordance with these regulations.

Manner of Selecting Leases from Permits

21. Subject to the following provisions the application for and the granting of a lease pursuant to rights acquired under this part shall be in accordance with the provisions of Part V:

(1) The applicant for leases under this part shall designate a rectangular area, of which no side shall be longer than three and one-half miles, in respect of which he desires to acquire the petroleum and natural gas rights pursuant to these regulations.

(2) No rectangular block designated pursuant to subsection (1) shall be nearer than one-half mile to the boundary of the permit nor nearer than one mile to any other rectangular block so designated provided that any two such blocks may have a common corner.

(3) Notwithstanding anything contained in subsection (2) of this section the minister may allow the permittee to designate a rectangular block nearer than one-half mile to the boundary of the permit, if

(a) an amount of Crown Land equal in area to the leased area selected within the one-half mile boundary limit is set aside within the designated rectangular block; or

(b) the holders of adjoining permits mutually agree to

(i) create a concentration of leases to comprise rights on both sides of the common boundary provided that no such concentration shall contain a rectangular block of which any side is greater than $3\frac{1}{2}$ miles; or

(ii) allow the holder of one permit to apply for a location or concentration of leases adjoining the common boundary provided that the holder of the other adjoining permit allows an area of Crown Land of at least one mile in width adjoining the said location or concentration of leases to be set aside in his permit area.

(4) The maximum acreage which may be leased shall be as follows:

(a) where no side of any such rectangular area is longer than two miles, up to but not more than 60% of the petroleum and natural gas rights owned by the Crown within the permit in the township within which such

rectangular area is wholly or partially situated may be leased;

(b) where a side of any such area is more than two miles but not more than three miles long, up to but not more than 50 per cent of the petroleum and natural gas rights owned by the Crown within the permit area in the township within which such rectangular area is wholly or partially situated may be leased; and

(c) where a side of any such area is more than three miles but not more than three and one-half miles long, up to but not more than 40 per cent of the petroleum and natural gas rights owned by the Crown within the permit in the township within which such rectangular area is wholly or partially situated may be leased.

(5) The effective date of leases issued pursuant to rights acquired under this part shall be

(a) the date of application in the case of leases applied for during the term of the permit; and

(b) the day following the date of the termination of the permit in the case of leases applied for within 60 days after the termination of the permit.

Lease Rental Credits

22. The minister shall, if he is satisfied that the permittee has during the term of the permit fulfilled all the requirements of these regulations, credit the permittee with the amount by which the expenditures approved pursuant to section 14 in respect of the whole of the term of the permit exceed the expenditures required to be made pursuant to section 12, such credit to be applied against the rental for the first twelve months, or at the option of the permittee, the first full year of the term commencing the first day of April, of any lease or leases which may have been or which may thereafter be granted to the permittee in respect of any of the lands described in the permit.

Other Parts Applying

23. All exploration permits shall be subject to the provisions of Parts VI and VII.

PART III

DRILLING RESERVATION

Lands Available

24. The minister may, upon the application of any interested person or upon his own motion direct the disposal of available Crown Lands in any township by way of reservation in accordance with the provisions of this part.

Applications

25.—(1) A person desiring to obtain a reservation of petroleum and natural gas rights pursuant to these regulations shall submit to the director a request that the petroleum and natural gas rights, not presently under disposition, for which he wishes to acquire a reservation, be made available for disposal.

(2) A request made pursuant to subsection (1) shall be in writing and shall indicate:

(a) a plan or description of the lands in respect of which the applicant desires to obtain a reservation;

(b) the firm intention of the applicant to bid if a reservation is offered under subsection (1) of section 27; and

(c) the depth or formation to which the applicant intends to drill the first well.

Approval of Application

26. If the minister does not approve a request for a reservation under these regulations he may reject the same, or he may, with the approval of the applicant, make certain changes in the application and where the applicant so approves any such changes the minister may direct disposal by reservation as though the original application contained such changes.

Disposal by Sale

27.—(1) The disposal of petroleum and natural gas rights, the property of the Crown, by reservation under these regulations shall be by cash bonus bid subsequent to an invitation for offers to acquire such reservation being published in *The Saskatchewan Gazette* and such other publications as the minister may deem advisable, provided always that the minister may reject any or all bids and in the case where a bid is rejected the cash bonus bid, reservation rental and fees shall be refunded to the unsuccessful bidder.

(2) The minister shall indicate in the advertisement:

(a) whether or not the advertisement is made pursuant to an application; and

(b) the depth or formation to which the first well will be required to be drilled; and

(c) the basis of the selection of acreage for lease purposes.

(3) Each bid shall be accompanied by and include:

(a) the cash bonus bid of the bidder;

(b) a reservation fee of \$250.00;

(c) rental for the first year at the rate of 50 cents per acre;

(d) a statement as to the proposed plan of work to be carried out by the bidder in the first year;

(e) where the bidder is a company or corporation not presently operating in Saskatchewan, the names and officers of the company together with the company's latest financial statement if such information is not already of record in the department; and

(f) where the bidder is a person, references as to the person's financial ability to carry out the proposed program if such information is not already of record in the department.

Term

28.—(1) The effective date of a reservation granted pursuant to this part shall be the date that the reservation is issued by the department.

(2) Except as may otherwise be provided herein, the term of a reservation shall be for a period of one year, and, subject to section 30 hereof, may be renewed upon the written application of the reservation holder.

(3) The rental for a reservation or any renewal thereof shall be at the rate of 50 cents per acre per annum payable yearly in advance.

(4) A reservation shall not contain more than 20,000 acres.

(5) The instrument of reservation shall be in such form as the minister may prescribe.

Rights Granted

29. Subject to the provisions of The Geophysical Exploration Regulations the reservation shall grant to the reservation holder the right, licence, privilege and authority to explore the lands therein described for petroleum and natural gas, but not to remove, produce or recover such petroleum and natural gas until a lease pursuant to these regulations has been applied for and approved, excepting such production as is necessary to establish that the well is, or is not a producer in commercial quantities.

Renewal and Reports

30.—(1) Subject to section 32 upon a holder of a reservation having drilled or being in the process of drilling a well to the specified depth or formation and having filed with the department a progress report satisfactory to the minister, leases of the lands included in the reservation may be applied for under Part V of these regulations or the reservation may be renewed for periods of one year but not more than two such renewals shall be granted.

(2) The renewal of a drilling reservation shall be subject to the imposition of a further drilling obligation in the renewal period equivalent to the obligation for the first year, and the acquiring of leases subsequent to the first year shall be contingent upon satisfactory completion of such further requirement.

(3) Except where the reservation is cancelled pursuant to section 32 application for renewal of a reservation or a letter indicating the intention of the reservation holder to take out leases must be given to the department prior to the expiration of the term of the reservation.

(4) If the reservation holder indicates his intention to take out leases as provided in subsection (3) hereof, he must make his selection of acreage in accordance with subsection (3) of section 31 and apply for leases within 60 days after the expiration of the term of the reservation.

(5) Reports under this section shall include a detailed statement setting forth full particulars of the work and operations carried on upon the lands described in the reservation during the year and specifically setting forth the information in accordance with section 16.

Leases

31.—(1) Subject to subsection (1) of section 30, in order to qualify for leases under these regulations, the reservation holder must drill at least one well in the area covered by the reservation to the depth or formation stipulated in the advertisement within one year from the effective date of the reservation.

(2)—(a) Leases shall be issued to the reservation holder according to his selection

of acreage upon the basis set out in the notice of sale.

(b) Where Notice of Sale is published as a result of an application, the basis of selection of acreage for lease purposes may be such as negotiated between the Minister and the applicant, and set out in the notice.

(c) In no instance shall the reservation holder select more than 50% of the total land in the reservation.

(3) Subject to the provisions of subsections (1) and (2), the application for, the granting of, and the provisions of leases issued pursuant to rights acquired under this part shall be in accordance with and subject to the provisions of Part V.

Oil Discovered

32.—(1) If petroleum or natural gas is discovered in commercial quantities in the lands included in the reservation, the minister may cancel the reservation in which case the holder of the reservation shall have 60 days from receipt of notice of such cancellation to file with the department a progress report in accordance with subsection (4) of section 30 and to select and apply for leases according to the provisions of section 31.

(2) When petroleum or natural gas has been discovered in commercial quantities in the lands included in the reservation, no further drilling shall be undertaken on such lands by the reservation holder until leases have been applied for and granted.

(3) If petroleum or natural gas is discovered in commercial quantities in lands adjacent to the reservation, the provisions of section 52 shall apply *mutatis mutandis*.

Surrender

33. The holder of a reservation may surrender at any time, or from time to time, the lands comprised in the reservation, or any portion thereof, but no refund of any rental or fees paid by him shall be made by the department.

Reservation Terminated When Leases Taken Out

34. When application is made for a lease or leases prior to the expiration of the original term of the reservation or any renewal thereof the reservation shall terminate.

Effective Date of Leases

35. Where leases are issued by the department pursuant to rights acquired under this part the effective date of such leases shall be the date upon which the reservation terminated.

Other Parts Applying

36. All drilling reservations shall be subject to the provisions of Parts VI and VII.

PART IV

ACQUISITION OF LEASES BY BIDS AND OFFERS *Advertise for Bids and Offers*

37.—(1) The minister may, upon the application of an interested person or upon his own motion, cause to be advertised for disposition by lease, petroleum and natural gas

rights classified in the department as Crown Lands.

(2) The advertisement shall be published in *The Saskatchewan Gazette* and in such other publications as the minister may designate and shall set forth the pertinent conditions and terms under which the bids or offers may be made and the lease granted.

(3) Sealed bids or offers may be submitted to the minister according to the terms and conditions set out in the advertisement.

(4) The right to reject any or all bids and offers shall be reserved to the minister and the money submitted with the bids or offers by the unsuccessful applicants shall be refunded.

(5) Where petroleum and natural gas rights are advertised for disposition by way of net royalty lease there shall also be the right to submit cash bonus bids for a standard lease.

(6) The form of any lease issued pursuant to bids or offers shall be determined from time to time by the minister.

Fractional Interests

38. The provisions of this part shall apply to the disposition of fractional interests in petroleum and natural gas rights owned by the Crown and which are necessary to make up and complete a drainage unit.

Net Royalty Leases

39. Any lease issued pursuant to this part requiring the payment of the royalties specified in the lease in lieu of or in addition to the royalties required by these regulations shall be subject to the approval of the Lieutenant Governor in Council.

Other Parts Applying

40. Subject to the provisions of this part any lease issued pursuant to this part shall be subject to the provisions of Parts V, VI and VII of these regulations unless expressly stated to the contrary in the terms of the lease.

PART V

APPLIES TO ALL LEASES OF CROWN LANDS

Granting of Lease

41. The minister may, in accordance with and subject to the provisions herein contained, grant to an applicant a lease or leases of petroleum and natural gas rights applied for pursuant to these regulations.

Size of Lease

42. The area which may be included in one lease shall be a minimum of one legal subdivision unless otherwise approved by the minister and a maximum of 144 quarter sections or 23,040 acres, provided that all lands in a lease shall be adjoining.

Application

43. Every application for a lease shall be accompanied by:

(a) a plan showing the area applied for and the lands in such area within which the petroleum rights are the property of the Crown;

(b) a legal description of such lands if they are in surveyed territory;

(c) subject to section 22, the rental at the rate of five cents per acre for each month and the portion of a month, if any, between the effective date of the lease and the first day of April next following;

(d) an application fee of \$10.00; and

(e) the names and addresses of the directors and officers of the applicant if the applicant is a corporation where such information is not already of record in the department.

Term of Lease

44.—(1) The lease shall be for a term commencing on the effective date thereof and extending to the first day of April next following and thenceforth for a period of twenty-one years.

(2) The lease shall be renewable for further terms of twenty-one years provided the leasee has observed and performed the terms and conditions to which the lease is subject.

Annual Rent

45.—(1) The rental subsequent to the rental referred to in clause (c) of section 43 shall be at the rate of \$1.00 per acre per year, except as may otherwise be provided herein and subject to section 22, is payable yearly in advance on or before the first day of April.

(2) Notwithstanding the provisions of subsection (1), when a lessee elects to apply credits in lieu of cash rentals covering the first twelve calendar months of the lease as provided for in section 22, the rent for that portion of the year from the termination of the credit period to the next succeeding rental anniversary date of April 1 shall be due and payable on the termination date of such credit period.

Refund of Rent

46.—(1) (a) If the lessee, during or within six months after the first year of the term of the lease commencing on the first day of April, submits evidence to the director that during such year actual drilling operations for petroleum and natural gas have been conducted on the lease a refund of rentals or a portion thereof, paid in advance for such year, may be made to the lessee.

(b) The amount of the refund shall be the amount of the approved expenditure or the amount of the rent for the year, whichever is the lesser.

(c) Evidence to be submitted to the director to establish rental refunds shall include an itemized statement of amounts expended in drilling, verified by the statutory declaration of a person having personal knowledge of the facts.

(d) Cost of machinery or production casing or such other items which, in the opinion of the director, do not constitute actual drilling expenditures shall not be approved.

(2) Subject to subsections (5) and (6), if drilling operations for petroleum and natural gas are conducted during the second year of the term of the lease, and evidence is submitted

to the director as required in subsection (1), refunds of rent may be allowed during or within six months following such second year in the same manner as for the first year, such refund not to exceed the rent for such second year.

(3) Subject to subsections (5) and (6), if drilling operations for petroleum and natural gas are conducted during the third year of the term of the lease, and evidence is submitted to the director as required in subsection (1), refunds of rent may be allowed during or within six months following such third year in the same manner as for the first year, such refund not to exceed the rent for such third year.

(4) Subject to subsections (5) and (6), if drilling operations for petroleum and natural gas are conducted during the fourth and succeeding years of the term of a lease or a group of leases and the well or wells drilled prove to be non-producers, the minister may, if he deems it advisable and in the public interest, allow a refund of rent paid for the lease or group of leases in the year in which the well or wells are drilled and in the next succeeding year in such amount as he may determine.

(5) When a well is, in the opinion of the minister, capable of producing petroleum or natural gas in commercial quantities, there shall be established a three and one-half mile square area containing the said well in the centre quarter section thereof and

(a) Expenditures incurred as a result of drilling additional wells within the said area may not be used in establishing rental refunds; and

(b) Expenditures incurred as a result of drilling wells outside the said area shall not be applied for rental refund on lands contained within the said area, provided however, that the minister may from time to time exclude any area from the application of this subsection.

(6) Approval of wells and lands for rental refund pursuant to subsections (1) to (4) will be determined according to the status of the lands, subject to subsection (5), as at the date the application for approval is received in the department provided no approval will be given prior to the spudding date.

(7) In any case where, in the opinion of the minister, certain geophysical work performed on the leased lands is an acceptable and necessary form of preliminary development prior to drilling, the minister may, if he deems it advisable and in the public interest, approve a rental refund in such amount as he may determine.

Advance Drilling

47. If a well is drilled during the first or second year of a lease or group of leases on which rentals have been satisfied by previous credits or otherwise, the minister may approve for credit purposes the expenditures made in the drilling of the well during such years and the expenditures so made may be credited against the next succeeding year's rent on such

lease or group of leases as shall qualify for rental refund at the beginning of such year.

Refunds for Deep Tests

48.—(1) If, as provided for in section 46, a lessee submits to the director evidence which establishes that the lessee has drilled or caused to be drilled a well on a lease or a group of leases and such well is located south of the northern boundary of townships 35 and provided such well penetrates any part of any formation older than the Devonian, then a refund of rentals for such lease or group of leases may be made in accordance with the provisions of section 46 together with a refund of rentals paid on any other lease or group of leases in the vicinity and approved by the director.

(2) Credit for rental refund may be granted for a deep test well drilled within the square area set out in section 46 (5) subject to the following provisions:

(a) where an on pattern field development well is drilled beyond the normal producing horizon to such a depth that it is classified by the department as a deep test well, drilling credits for rental refund will be granted to the extent that the actual expenditure until abandonment or completion as an oil well in an horizon below the normal producing horizon exceeds the initial cost allowance for a well drilled to the normal producing horizon which the department has most recently established or is prepared to establish for net royalty leases in the particular area involved;

(b) where a deep test well is drilled off pattern for the producing area in which it is drilled, and where the department would not grant it a Maximum Permissive Rate if completed in the normal producing horizon, then full drilling costs will be allowed for credit as if the well had been drilled in wild-cat territory rather than in a producing area.

Grouping and Regrouping

49.—(1) Upon application the minister may permit a lessee who has acquired more than one lease in respect of Crown land, whether by assignment or otherwise, to group or regroup any lands covered by his leases and in such event the operations carried on upon any of the lands comprising the group shall for the purposes of sections 46 and 48 of these regulations be deemed to be carried on within the whole of the area comprising the group.

(2) No land shall be included in the group if it is separated by more than two miles from any of the other land to be included in the group.

(3) The maximum area to be included in a group shall be 144 quarter sections or 23,040 acres.

(4) Regrouping shall be deemed to cancel all groups established previously in respect of any lands included in the new group.

(5) Assignment or surrender or cancellation of part of the area included in a group shall be deemed to decrease the size of the group accordingly without the necessity of regrouping unless the areas remaining in the group must

be regrouped to be in compliance with subsection (2).

(6) Approval of an application for grouping shall be at the discretion of the minister who may consider, among other things, the size and shape of the proposed groups and the location of any well to be drilled for rental refund purposes within the group.

(7) An application for grouping shall be in writing and accompanied by

(a) a plot map showing the lands to be included in the group and the leases so involved;

(b) a detailed list of the lands or leases and the acreage for each parcel or lease; and

(c) fees as required by Schedule "B".

What Lease Conveys

50. Subject to these regulations each lease shall grant to the lessee the exclusive right, licence, privilege and authority to search, dig, bore and drill for petroleum and natural gas upon and within the lands described in the lease and to win, get, recover, procure, carry away, dispose of and sell the petroleum and natural gas found within such land.

Commence Work

51.—(1) Within six months after receiving a written request from the minister to do so, the lessee shall commence drilling operations on the lands described in the lease or group of leases, and he shall continue such drilling operations with reasonable diligence to the satisfaction of the minister, with a view to the discovery of petroleum and natural gas.

(2) If the lessee does not commence drilling operations within the time prescribed or, having commenced such operations, does not prosecute the same with reasonable diligence to the satisfaction of the minister or without the consent of the minister ceases to carry on such operations for a period of more than six months, the lease or group of leases, shall be subject to cancellation on sixty days notice in the discretion of the minister.

(3) Notwithstanding anything contained in subsection (1) the minister may extend the time therein specified for such period as he may deem expedient.

Offset Requirements

52.—(1) If the lands covered by a lease adjoin privately owned mineral lands in which petroleum or natural gas is being obtained from any formation to which the lease applies, the lessee shall, within sixty days after receiving a written request from the minister or such other person authorized by him to comply with this section:

(a) Commence drilling an offset well on the location designated by the minister to a sufficient depth to test such producing strata; or

(b) Pay to the Crown from time to time such royalty as would be payable if petroleum and natural gas produced from the well creating the offset were actually produced from a well on the location designated by the minister as aforesaid; provided that,

royalty payable to the Crown shall be based only on the production from the well creating the offset in respect of which a written request has first been given by the minister or upon production from such other well creating an equivalent offset as the minister may designate; provided further that,

(i) should the well creating the offset be abandoned within fourteen months from the date of the written request, the minister may, upon application by the lessee, refund any royalty previously paid pursuant to this section as a result of the written request excepting that there shall be no refund of any royalty accruing due prior to this paragraph coming into force; or

(ii) should an offsetting well be drilled within fourteen months from the date of the written request and prove to be non-productive, the minister may, upon application by the lessee, refund any royalty previously paid pursuant to this section as a result of the written request excepting that there shall be no refund of any royalty accruing due prior to this paragraph coming into force; or

(c) Surrender to the Crown the drainage unit on which the offsetting well is required, such surrender to be in respect of all formations covered by the lease except any zone in respect of which petroleum and natural gas is being obtained by the lessee to the satisfaction of the minister.

(2) For the purpose of subsection (1), a location for an offsetting well shall be designated by the minister as follows:

(a) The lateral offset location or locations in case of 10, 40, 160 or 640 acres spacing.

(b) The diagonal offset location or locations in the case of 20, 80 or 320 acre spacing.

(3) For the purpose of subsection (1), a written request addressed to the lessee at his last known address according to the records in the department shall be deemed to have been received by the lessee within three days after the mailing thereof.

(4) Notwithstanding the provisions of subsection (1), consideration may be given by the department to cancelling or deferring an offset obligation under special circumstances, provided that an application for relief from such obligation must be in writing and supported by necessary maps, reports and other pertinent information.

Surrender Whole or Part of a Lease

53.—(1) Subject to sections 52 and 56 the lessee may surrender the whole or part of the lands included in any lease, provided that;

(a) the surrendered portions conform to legally described parcels of land and includes all the rights granted in the original lease; and

(b) the retained portion of any lease is not less than a legal subdivision.

(2) In the case where lands are surrendered there shall be no refund of rentals except as provided for by sections 46 and 48.

Form of Lease

54. The minister shall determine the form of any lease in accordance with the provisions of these regulations.

Operations Continuous if Petroleum and Natural Gas Found

55. If the lands described in any lease shall yield petroleum and natural gas in commercial quantities, the lessee shall produce and work the wells in accordance with the provisions of the regulations and to the satisfaction of the minister.

Reduction in Rental—Gas Areas

56.—(1) Notwithstanding anything contained in these regulations, if a lessee claims to have made a discovery of natural gas that in the opinion of the minister indicates an area to be a natural gas field and through the drilling of wells adequately spaced to the satisfaction of the minister reasonably delimits the field within the confines of his lease or leases, thereby substantiating his claim, he shall, while an adequate gas market or a gas market in which he may participate is available, pay, commencing with the next anniversary date of his lease or leases, an annual rental of 50 cents per acre per year payable yearly in advance, and if the lessee has relinquished or relinquishes his oil rights under the lease or leases to the Crown, then the annual rental in respect to such lease or leases may be further reduced by the minister to 35 cents per acre per year payable yearly in advance.

(2) While an adequate gas market or a gas market in which the lessee may participate is not available, the minister, upon being satisfied of such facts, may further reduce the rental in respect to such lease or leases to an annual rental of 25 cents per acre per year payable yearly in advance and if the lessee has relinquished or relinquishes his oil rights under the lease or leases to the Crown, then the annual rental in respect to such lease or leases may be further reduced by the minister to 10 cents per acre per year payable yearly in advance.

(3) Notwithstanding anything contained herein;

(a) should oil at any time be discovered in commercial quantities in the area the lease rentals shall be \$1.00 per acre per year payable yearly in advance, unless the lessee has relinquished or relinquishes the oil rights in his leases in the area to the Crown; and

(b) should the minister request the lessee to drill a well in search for oil at a point and to a formation fixed by the minister, the lessee shall, unless he has relinquished or relinquishes the oil rights in his leases in the area to the Crown, pay rental at the rate of \$1.00 per acre per year unless and until such well is drilled and it is determined to the satisfaction of the minister that there is no oil in commercial quantities in the area.

(4) Where no oil in commercial quantities has been discovered in the area, or if oil in commercial quantities has been discovered in the area but the lessee has relinquished the oil

rights in his leases in the area to the Crown, then, while no adequate gas market in which the lessee may participate is available, and the minister is satisfied of such facts, the lessee shall be relieved from the development requirements of such leases.

Royalty

57.—(1) The products of all lands in respect of which the petroleum or natural gas rights or petroleum and natural gas rights are held under these regulations, or under any regulations made by the Lieutenant Governor in Council prior to the coming into force of these regulations, or under any regulations, made by the Governor General in Council under the authority of the Dominion Lands Act shall be subject to the following royalties, or such other royalties as may, from time to time, be prescribed by the Lieutenant Governor in Council.

(a) On crude petroleum oil a percentage of the production from each well free and clear of any deductions whatsoever determined according to the following table:

<i>Monthly Production in Barrels</i>	<i>Crown Royalty for the Month</i>
0 to 600	5 per cent of the number of barrels produced
600 to 900	30 barrels plus 13 per cent of the number of barrels produced in excess of 600
900 to 1,500	69 barrels plus 17 per cent of the number of barrels produced in excess of 900
1,500 to 4,950	171 barrels plus 18 per cent of number of barrels produced in excess of 1,500
4,950 and over	16 per cent of the total number of barrels produced

(b) On natural gas, eight per cent of the sale value or fair value thereof, whichever is the greater, at the time and place of production; provided that such royalty shall in no case be less than one half of one cent per thousand cubic feet; provided further that no royalty shall be payable on natural gas consumed, exclusively for drilling or production purposes, on the parcel of land in respect of which the right to the natural gas is held.

(c) On all products other than crude petroleum oil and natural gas, including all products obtained by separation, absorption or in any other manner, eight per cent of the total value thereof to the producer free and clear of any deduction whatsoever.

(2) Where any products, other than natural gas, are sold, until otherwise ordered by the minister such sale shall include the royalty share of such products belonging to the Crown, and the moneys received from the sale of such royalty share, less any deductions that the Minister may consider reasonable for costs in respect of the transportation of such royalty share to the place of sale, shall be forwarded to the department with the monthly statement as provided for in subsection (4) hereof.

(3) The minister may, on behalf of the Crown, elect to receive in kind, any portion of such royalties to which the Crown may be

entitled and where he so elects, the designated portion of such products shall be delivered at the times and places and in the manner specified from time to time by the minister. In every case where such products are required to be delivered at a place other than the place of production, the minister may allow a deduction from the quantity to be delivered of such portion thereof as he considers sufficient to compensate for the expense of delivery.

(4) The Crown royalty share of the proceeds of sale of any of the products together with one copy of the Crown Royalty statement on such form as may be prescribed by the minister must be received by the department at the Government Administration Building, Regina, Saskatchewan, by the 25th day of the month next following that which the statement covers.

(5) Unless the minister otherwise deems it to be advisable, where, under section 31 of The Oil and Gas Conservation Act, the interest of the Crown in a drainage unit is pooled,

(a) the royalty rate, shall, in the case of crude petroleum oil, be determined by the total production from the well and the volume of production to which such royalty rate shall apply shall be equivalent to the share of the production from the drainage unit allocated to the tract owned by the Crown, and

(b) the share of the production from the drainage unit allocated to the tract owned by the Crown shall be in the proportion that the area of the Crown tract bears to the area of the whole of the drainage unit.

(6) The royalty table provided in paragraph (a) of subsection (1) hereof shall be deemed to be substituted for any corresponding table heretofore approved in any Plan of Unit Operation wherein petroleum or natural gas rights or petroleum and natural gas rights held under the Crown have been unitized.

(7) Where any question arises pertaining to the interpretation of this section the minister shall be the sole judge and there shall be no appeal from his decision.

Penalty

58.—(1) No person who owes to the Crown any royalty in respect of a lease of petroleum or natural gas rights or petroleum and natural gas rights shall be entitled to acquire any further lease directly from the Crown or by assignment unless settlement in full of such royalty is made.

(2) No person who owes to the Crown any royalty in respect of a lease of petroleum or natural gas rights or petroleum and natural gas rights shall assign such lease unless settlement in full of such royalty is made.

PART VI

CONDITIONS APPLICABLE TO EXPLORATORY PERMITS, DRILLING RESERVATIONS, LEASES AND OTHER DISPOSITIONS

Manner of Applying

59. The application for a lease, permit, drilling reservation or other disposition may

be filed by the applicant in person or by his agent or sent by mail to the department.

Not Binding Until Executed

60. No application for disposition of Crown Land shall be binding on the Crown until the document of disposition in respect of the rights applied for has been executed by the minister.

Application — Unsurveyed Territory

61. An application for disposition in respect of Crown Lands situated in unsurveyed territory shall contain a plan and a description of the lands satisfactory to the minister.

Comply with Acts and Regulations

62. The grantee shall at all times fulfil, perform, observe and comply with all provisions of The Mineral Resources Act and The Oil and Gas Conservation Act, and the regulations thereunder and every other statute and regulation which is or may be by future enactment or amendment in any manner whatsoever applicable to his operation, plant, works, business or undertaking.

Good Practices

63. The grantee shall carry out all his operations in accordance with the best accepted geological, geophysical and engineering practices applicable to such operations.

Accurate Records

64. The grantee shall at all times keep accurate and detailed records, books and accounts of his operations hereunder and of the expenditures made in connection with such operations and shall, whenever requested by the minister to do so, furnish the director with true copies of such records verified by affidavit.

Examine Records

65.—(1) The minister or any person authorized by him may at any time and from time to time enter upon the lands of the grantee and into and upon the office or other place where the grantee's books and records are kept and inspect and examine the operations of the grantee and the plant, works, books and records used or kept in connection with or having any reference to the operation, examine samples of mineral and other substances encountered during the operations and make copies of such books and records or of any part thereof.

(2) The grantee shall give or cause to be given all such assistance as the minister or the person authorized by him may reasonably require for the purpose of effecting subsection (1).

Consent to Assign, Sublease, Farmout, Etc.

66.—(1) The grantee shall not assign, sublease, farmout or otherwise transfer the permit, drilling reservation lease or other disposition or his rights, privileges or obligations thereunder, or any part thereof, without the written consent of the minister first had and obtained.

(2) Application for the consent of the minister to any assignment, transfer or agreement shall be made to the minister upon forms supplied by the department which shall set out the consideration for the assignment,

transfer or agreement including royalties, if any reserved, and such other information as the minister may require.

(3) The giving or withholding of consent to any assignment, transfer or agreement shall be in discretion of the minister who may consider among other things;

(a) the earning and limiting of overriding royalties;

(b) reversionary factors involved in assignments; and

(c) limitation of considerations in un-earned interest.

The discretion of the minister shall be exercised within 30 days after application for consent is made.

(4) At least two signed copies of the assignment, transfer or agreement together with an affidavit setting out the true consideration in detail must be submitted to the minister and the consent of the minister, if granted, shall be endorsed on each copy.

(5) One signed copy of the assignment, transfer or agreement bearing the consent of the minister shall be registered and retained in the department and the other copy or copies bearing the consent of the minister and a memorandum of registration shall be returned to the applicant.

(6) No document submitted pursuant to the provisions of this section or section 69 shall be considered for approval unless submitted by or on behalf of a person or company who according to the records of the department has a registered interest in the lease, drilling reservation, permit or other disposition affected.

New Lease Where Partial Surrender Etc.

67. Where an assignment, transfer, surrender or cancellation of a lease affects or relates to only a portion of the lands, formations, strata or zones included in the lease, the minister may, upon registration of the assignment, transfer, surrender or cancellation;

(a) grant to the assignee, transferee or lessee a new lease in respect of the lands, formations, strata or zones included in the assignment or transfer or excepted from the assignment, transfer, surrender or cancellation, for the unexpired term of the original lease and the provisions of these regulations shall *mutatis mutandis* apply to such new lease; or

(b) allow all formations, strata or zones included in the original lease to remain under the original lease provided that the obligations under such lease will continue to remain with the original lessee and the whole lease will be subject to cancellation upon default.

Company Registered in Saskatchewan

68. No permit, drilling reservation, lease or other disposition shall be granted to a corporation or partnership and no consent to the assignment of a permit or lease to a corporation or partnership shall be given unless the laws of Saskatchewan respecting registration of corporations or partnerships have been complied with.

Assignment to Bank

69.—(1) Notwithstanding anything contained in these regulations, a copy of an assignment of a lease, drilling reservation or permit by way of security given to a chartered bank under section 82 of the Bank Act, (Schedule L) certified by an officer of the bank to be a true copy, may be registered in the department and such assignment may be so registered without the consent of the minister first had and obtained.

(2) Except as provided in subsection (3), a bank shall not sell or assign or otherwise dispose of any interest of any person, including itself, in a lease or permit, without the consent of the minister first had and obtained.

(3) Where the moneys borrowed have been repaid to the bank by the assignor together with such other sums as the bank may be entitled to, as soon as may be possible thereafter, the bank shall execute, and the assignor shall register in the department a Disclaimer of Interest under the assignment or a reassignment of the lease, drilling reservation or permit, or such other document as may be necessary to effectually place the original assignor with respect to the lease, drilling reservation or permit in the same position in relation to the bank as he was in before the assignment to the Bank was executed. Such Disclaimer of Interest, reassignment or other document shall be in such form as may be approved by the minister.

Failure to Register

70. Failure to register in the department any assignment or transfer of a lease, drilling reservation or permit, whether by way of mortgage or otherwise, shall not invalidate the same as between the parties thereto, but such documents as to other assignees and transferees shall take effect from the date of registration and not from the date of the document.

Document Register

71.—(1) The Administrator of Petroleum Lands in the department shall assume the duty of registering in the department assignments and other documents pertaining to Crown Lands which have been approved and he shall keep a book to be called the "Document Register" in which he shall make an entry of each assignment and each other document received by him which is in proper form and appears to be fit for registering. Such entry shall contain a short description of the assignment or other document, together with the day, hour and minute of its receipt.

(2) For purposes of priority between assignees and transferees the time so entered with respect to assignments and transfers shall be taken as the time of registration thereof.

(3) In addition to documents registered pursuant to this section the Administrator of Petroleum Lands may accept for filing but not for approval or registration certain other documents such as trust agreements which are in proper form and appear fit for filing.

(4) The Administrator of Petroleum Lands shall make such other entries and keep such other records of assignments and other

documents registered or filed pursuant to these regulations as he may deem necessary.

Cancel Permit, Drilling Reservation, Lease or Other Disposition

72.—(1) If the grantee fails to fulfil, perform or observe any of the terms or conditions by these regulations required to be fulfilled, performed or observed by him, the minister may give the grantee written notice of his intention to cancel the permit, drilling reservation, lease or other disposition and if the grantee fails to remedy or commence to remedy the default to the satisfaction of the minister within sixty days after receiving such notice the minister may cancel the permit, drilling reservation, lease or other disposition.

(2) The Notice shall be sent by registered mail addressed to the grantee at his last known address according to the records of the department, and shall be deemed to have been received by the grantee within three days after the mailing thereof.

Address for Service

73. Every grantee shall file with the department an address for service in Saskatchewan.

Delivery of Notices

74. Any notice, document or communication required to be given or delivered pursuant to these regulations shall be sufficiently given if served upon or delivered personally to the minister or the grantee, as the case may be, or if it is mailed to the minister at Regina, Saskatchewan, or if it is left at the address filed pursuant to section 73 or mailed to the grantee at such address.

Advertise

75. Where petroleum and natural gas exploration permits, drilling reservations, leases, or other dispositions are available for certain specified areas, the minister may cause permits, drilling reservations, leases or other dispositions to be advertised in *The Saskatchewan Gazette* and in such newspapers and periodicals as he may designate.

Described under "The Land Surveys Act"

76. Where reference is made herein to a section, quarter section or other subdivision, such section, quarter section or other subdivision shall be construed as described under The Land Surveys Act.

Orders

77. The minister, from time to time, may issue such orders as he may deem necessary for the interpretation and effective administration of these regulations.

Fees

78. The fees payable to the department in respect of work or service arising out of these regulations shall be payable in advance and in accordance with Schedule "B" to these regulations.

Right of Entry Not Authorized

79. A permit, drilling reservation, lease or other disposition to which these regulations apply shall not authorize the grantee to enter upon or use the surface of the lands described therein for the purpose of a wellsite or roadway except as provided in Part VII hereof.

PART VII SURFACE RIGHTS

Definitions

80. In this part, unless the context otherwise requires, the expression:

(a) "assessed value" means the value per acre at which the land is assessed for municipal purposes, or \$10.00 per acre, whichever is the greater;

(b) "board" means the Arbitration Board appointed pursuant to the provisions of this part;

(c) "operator" means a person who has the right to drill for petroleum or natural gas and includes the agent of such person;

(d) "owner" means the person who is registered under The Land Titles Act as the owner, and includes a purchaser under and by virtue of an agreement for sale;

(e) "roadway" means that portion of the surface of the land required for access to the well site and shall be 66 feet in width, and in length the actual distance thereof or 660 feet, whichever is the greater;

(f) "wellsite":

(i) means that portion of the surface of the land required for the conduct of drilling and completion operations of a well during the period next following initial entry until such well is completed, or four acres whichever is the greater; or

(ii) means that portion of the surface of the land required for the conduct of producing operations of a well commencing from and after the completion date of such well, or two acres, whichever is the greater.

Compensate for Capital Damage and Annual Rent

81.—(1) The grantee or lessee shall compensate the owner of the surface rights for capital damage to the area required for a well site and roadway and in addition shall pay an annual rent for such area in such amounts as are considered just and reasonable by and between the parties having regard to the particular circumstances of each case.

(2) Without limiting the generality of subsection (1) the following factors shall be considered in the determination of payment in respect of capital damage and annual rent:

(a) the value and loss of use of the land taken;

(b) the amount of land which may be permanently or temporarily damaged by the operations of the operator;

(c) the reduction in value of the remaining land caused by the severance;

(d) any nuisance or inconvenience or disturbance arising or likely to arise from or in connection with any operation of the operator; and

(e) any other matter peculiar to each particular case.

Suggested Formula

82. The amount of capital damage and annual rent payable by the operator to the owner may be in accordance with the following formula:

(1) Capital damage:

(a) For each wellsite:

(i) for the first acre: two times the assessed value plus \$35.00;

(ii) for the second acre: two times the assessed value plus \$25.00;

(iii) for the third acre: two times the assessed value plus \$15.00; and

(iv) for each additional acre: two times the assessed value plus \$5.00.

(b) For each acre of dirt roadway: two times the assessed value plus \$35.00.

(c) If the operator, at any time following payment of the initial capital damage in respect of the dirt roadway referred to in clause (b), replaces such dirt roadway with either a gravel, oiled or paved roadway, additional capital damage may be paid as follows:

(i) for each acre of gravel roadway: the assessed value thereof; and

(ii) for each acre of an oiled or paved roadway: two times the assessed value thereof.

(2) Annual rent:

(a) For each wellsite:

(i) for the first acre: two times the assessed value plus \$35.00;

(ii) for the second acre: two times the assessed value plus \$25.00;

(iii) for the third acre: two times the assessed value plus \$15.00; and

(iv) for each additional acre: two times the assessed value plus \$5.00.

(b) For each acre of roadway: two times the assessed value plus \$35.00.

(3) In addition to any other compensation payable pursuant to the provisions of this part, the operator shall, upon initial entry on or upon any area for any purpose herein set forth, compensate the owner in respect to loss sustained by reason of any crop damage or destruction.

Penalty for Trespass

83. If the operator uses an area greater than the area agreed upon pursuant to any agreement, made under the provisions of this part, he shall pay capital damage and annual rent in respect of any additional area so used in double the amount payable under such agreement, provided that each fractional acre contained in such additional area shall be deemed to be one acre.

Payment in Advance

84.—(1) Subject to the provisions of sections 92 and 93 payment of capital damage and the rent for the first year is a condition precedent to entry on or upon any land which is subject to the provisions of this part.

(2) The rent for the second and subsequent years shall be paid annually in advance until

the operator surrenders the area or delivers possession thereof to the owner.

Disputes Submitted to Board

85.—(1) In every case of disagreement between the operator and the owner in respect to the land required for a wellsite or roadway, or the compensation to be paid therefor, or any other matter in connection therewith, such disagreement may be submitted to and determined by the board.

(2) If the subject matter of the dispute is with respect to the amount of compensation payable, the owner shall notify the operator in writing of the respective amounts claimed for capital damage and annual rent.

Arbitration Board

86. The arbitration board shall consist of three members of whom the chairman shall be appointed by the Attorney General, one member shall be a representative of the Department of Mineral Resources appointed by the Minister of Mineral Resources, and one member shall be a representative of the Department of Agriculture appointed by the Minister of Agriculture.

Procedure of Application for Arbitration

87. Before proceeding to arbitration, the operator shall serve or cause to be served upon the minister and the owner a notice which shall contain:

(1) a description of the land required for a well site and roadway, or a plan showing thereon the location of the area required;

(2) the respective amounts claimed by the owner in respect of capital damage and annual rent;

(3) a declaration of willingness to pay a sum certain in respect of capital damage and a further sum certain in respect of annual rent; and

(4) an application for arbitration addressed to the minister containing a statement in summary form of the material facts of the dispute.

Time and Place of Hearing

88. The minister shall forward the notice of application to the chairman of the board who shall fix the time and place of hearing and shall serve notice thereof upon the parties and the minister.

Matters of Dispute

89.—(1) Either the owner or the operator may, at any time following any agreement made pursuant to the provisions of this part, apply to the minister for arbitration by the board with respect to any matter in dispute arising in respect of such agreement or any matter in connection therewith.

(2) A copy of the application for arbitration shall at the time the application is made be forwarded by the applicant by registered mail to the other party involved in the dispute.

(3) Costs of a hearing under this section may be levied in accordance with the provisions of subsection (1) of section 94.

Consider on Merits

90. The board shall, in addition to the provisions of sections 81 and 82, consider each case on the merits.

Decisions

91.—(1) The decisions of the majority of the members of the board shall be final and conclusive.

(2) Where the board is unable to render a decision, the decision of the chairman shall be final and conclusive.

(3) Where an award has been made pursuant to the provisions of this part in connection with any matter it shall, upon the application in writing to the board, at least 30 days prior to the commencement of the next seven-year period, by either party to the arbitration, be subject to review by the board at the end of seven years from the date of the award and at the end of each succeeding seven-year period unless the parties to the award have before the commencement of any seven-year period entered into a lease in respect to the well site and roadway, the subject of the award for the next succeeding seven-year period or periods and which lease is in accordance with the provisions of this part.

(4) The decision of the board shall be made in writing and a copy thereof shall be filed in the department.

Permission to Enter

92.—(1) The operator may apply to the minister at any time for permission to enter forthwith upon the area described in the notice of application for arbitration.

(2) Such application shall be accompanied by a cash deposit of \$800.00.

(3) Upon receipt of such application and the said sum of \$800.00, the minister may grant to the operator permission to enter upon and use the area described in the notice for a well site and roadway.

(4) If the amount of the award is greater than the sum deposited, the minister shall pay the full amount of the said sum less the costs of arbitration, to the owner, and such amount shall be credited by such owner against the amount of the award, and the balance shall be due and payable forthwith by the operator to such owner.

(5) If the amount of the award is less than the said sum, the minister shall, following payment of the costs of arbitration, pay the amount of the award to the owner and return the balance thereof to the operator.

Absentee Owner

93.—(1) In any case where upon application to the minister it is proved to his satisfaction that, because the owner of the surface rights is a person unascertainable or whose whereabouts are unknown, or because of other special circumstances, it is impossible for the applicant to negotiate a surface lease for a well site within a reasonable time or without unduly delaying his operations, the minister may grant permission to the applicant to enter upon the land and use the required part thereof for a wellsite and roadway, provided that the applicant deposits with the minister the sum of \$800.00 for each well site.

(2) In the event that the applicant who is granted a right of entry pursuant to subsection (1) hereof is unable to negotiate a surface agreement in respect of the wellsite within six

months from the date of the minister's permission to enter, the applicant shall forthwith at the end of the said six months apply for arbitration in accordance with section 87.

(3) The deposit made by the applicant pursuant to subsection (1) hereof shall be retained by the minister until a surface agreement has been entered into in accordance with these regulations or until an award is made by the board.

Costs

94.—(1) The costs of and incidental to arbitration proceedings of the board shall be payable by either the owner or the operator, or both, in the discretion of the board, provided that in no case shall such costs be less than \$40.00, nor greater than \$100.00.

(2) The costs of either or both parties payable pursuant to the provisions of subsection (1) hereof may be paid from the deposit referred to in subsection (2) of section 92 or subsection (1) of section 93.

Surface Agreement Required

95. Where an application for licence to drill a well is made pursuant to The Oil and Gas Conservation Act or regulations made thereunder the applicant shall at the same time supply to the department satisfactory evidence that the applicant has right of entry on the surface in accordance with these regulations.

Form of Surface Lease

96.—(1) Notwithstanding anything contained herein all leases of surface rights where the registered owner or the person entitled to become registered as owner of the surface rights is not registered as owner or entitled to become registered as owner of the mineral rights shall be in the form and contain the terms and conditions as set out in Schedule "A" to these regulations or be in a form and contain terms and conditions approved by the minister. This section shall apply only to surface leases made on or after the first day of August, 1955.

(2) Any approval given by the minister respecting the form of any surface lease submitted to him for approval under this part may be revoked, notice of which shall be given.

SCHEDULE "A"

SASKATCHEWAN SURFACE LEASE

(This form or a form approved by the Minister of Mineral Resources must be used)

This indenture made in triplicate this day of, A.D. 19....

Between:

..... of
in the Province of
(Occupation)
(Hereinafter called the "Lessor"),
of the First Part:
and

..... of
in the Province of
(Hereinafter called the "Lessee"),
of the Second Part:

Whereas the Lessor is the registered owner (or is entitled to become registered as owner under an agreement for sale or unregistered transfer or otherwise), of an estate in fee simple, subject, however, to such mortgages and encumbrances contained in the existing Certificate of Title, of and in that certain parcel or tract of land situated, lying and being in the Province of Saskatchewan, and described as follows:

.....
in Township, Range, West of the
Meridian, in the Province of Saskatchewan as
more particularly described and set forth in
Certificate(s) of Title No.(s) of
Record in the Land Titles Office for the
Land Registration District (hereinafter referred
to as "the said lands"); and

Whereas the Lessor has agreed to lease certain portions of "the said lands" to the Lessee for the purposes and upon the terms and conditions hereinafter set forth.

Now Therefore This Indenture Witnesseth:

The Lessor for the purposes and at the rental hereinafter set forth doth hereby lease unto the lessee all and singular those parts, or portions, of "the said lands" *shown outlined in red* upon a sketch or plan hereto annexed and marked "A", hereinafter called "the demised premises", to be held by the Lessee as tenant for the term of twenty-one (21) years from the date hereof for the purpose of a wellsite for the drilling of a well for, and the operation thereof and the taking of production therefrom with the right, liberty and privilege in, upon, under or across "the demised premises", to lay down, construct, maintain, inspect, remove, replace, reconstruct and repair pipes, or pipe lines, and all structures and equipment necessary or incidental thereto for use in connection with all the operations whatsoever of the lessee, and also for the purpose of a roadway, at the clear rental to be determined and payable in accordance with law and regulations of the Province of Saskatchewan in that regard the said rental being as follows:

(a) For the first year the sum of dollars, (the receipt of which sum is hereby acknowledged), which said sum includes compensation in full for capital damage and is to be applied as follows:

Compensation for capital damage
Rental

(b) For each subsequent year the sum of dollars payable annually in advance on the anniversary of the date hereof in each and every year during the currency hereof; provided that the lessee may, from time to time, at any time, surrender any portion of the demised premises by giving one month's written notice to the lessor to that effect and by delivering or mailing to the lessor a sketch or plan of the portion, or portions thereof retained whereupon the said rental shall abate at the rate of dollars for each acre or reduction of the demised premises that does not reduce the said demised premises below three acres, exclusive of designated roadways, and dollars per acre for any further

reduction, commencing with the rental for the next succeeding year provided however that no time during the continuance of this lease shall the annual rental paid be less than dollars, this being the amount payable hereunder for two acres plus designated roadways.
OPTION CLAUSE (This clause shall be struck out if not desired).

In consideration of the sum of dollars the Lessor further grants the right and option to the Lessee to lease within a period of two years from the date hereof any other well-site and roadway on "the said lands" upon the same terms, conditions and covenants set out in this lease provided however that if the Lessee does not cause a survey to be made of the wellsite and roadway, which he desires to acquire, before he exercises this option as hereinafter provided then he shall pay to the Lessor as compensation for capital damage and rental for such wellsite and roadway not less than the amount which he would be required to pay if the formula for compensation and rental established by the Petroleum Regulations at the time in force was applied in determining such compensation and rental. The option may be exercised by notice in writing within the said 2 year period delivered to the Lessor in the manner herein provided.

The Lessor hereby covenants and agrees to and with the Lessee:

(a) *Taxes Paid by Lessor.* Promptly to pay and satisfy all taxes, rates and assessment that may be assessed or levied against "the said lands" during the continuance of this lease;

(b) *Quiet Enjoyment.* For quiet enjoyment by the Lessee of the demised premises, and the rights and privileges hereby granted during the said term and any extension thereof.

(c) *Renewal.* That if the Lessee be not in default in respect of any of the covenants and conditions contained in this lease at the date of expiration of the term of twenty-one (21) years hereinbefore mentioned, then the said lease shall be renewed and the term extended for a further period of twenty-one (21) years from the said date at an annual rental calculated as hereinbefore provided for that portion of the term subsequent to the first year thereof. Such extended term shall be subject to all the provisions, including this provision for renewal.

The Lessee hereby covenants and agrees to and with the Lessor:

(a) *Payment of Rental.* To pay the rental for the first year as hereinbefore agreed and to pay the rental above reserved for each subsequent year in advance in each and every year during the continuance of this lease.

(b) *Cancellation in Event of Default.* That if the Lessee makes default in payment of any sum payable by way of rent or in the performance of any covenant, promise or undertaking herein contained on the part of the said Lessee, this agreement shall be terminated at the expiration of forty-five (45) days after written notice to that effect is given to the Lessee by registered mail to at, unless the Lessee shall have in the meantime remedied such default or breach of covenant,

promise or undertaking but without prejudice to any other right or remedy to which the Lessor is otherwise entitled under this agreement.

(c) *Digging of Pits for Mud and Sludge and Destruction of Weeds.* To dig a pit or pits or have adequate metal reservoirs and deposit therein the mud and sludge resulting from the drilling operations and will not permit the same to escape onto the Lessor's land adjoining "the demised premises" and the Lessee will take all necessary precautions to keep down and destroy all noxious weeds on the said wellsite and roadway. At the termination as hereinafter provided of the use and occupation of "the demised premises", or upon the discontinuance of the use of any portion thereof for the purpose aforesaid, the Lessee will deliver up "the demised premises" or portion thereof as the case may be in the same condition so far as may be reasonably practicable to do so as that existing immediately prior to entry thereon and the use thereof by the Lessee.

(d) *Abandonment and Restoration.* Upon the abandonment of the said well to cause such well to be plugged and all excavations in connection therewith to be filled in, all in compliance with the regulations of the government of the Province of Saskatchewan in that regard.

(e) *Shallow Ditches or Approaches to Permit Lessor to Cross Roadway with Farm Machinery.* To so construct the roadway as to have shallow ditches where required, or if necessary, adequate number of approaches so that the Lessor can cross the roadway with farm machinery in moving from one field "in the said lands" to another field which lies across the said roadway.

(f) *Fencing of Wellsite—Roadway and Excavations.* During the continuance of this lease, to erect and put upon the boundaries of the wellsite and roadway a good substantial fence if so required by the Lessor and that the said Lessee will if required by the Lessor enclose and keep enclosed all openings or excavations made in connection with or for the purpose of drilling operations aforesaid with fences sufficient to prevent livestock falling thereinto.

(g) *Replacement, Repair of Fences, Livestock Guards or Gates.* That in the use of the rights and privileges hereby granted the Lessee will replace all fences which he may have removed for his purposes and repair all fences which he may have damaged and if and when so required by the Lessor provide proper livestock guards or gates at any point of entrance on "the demised premises" used by him and if gates are installed will cause the same to be closed upon the use thereof.

(h) *Taxes Payable by Lessee.* To pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, equipment, structures and works placed by the Lessee in, on or under "the demised premises".

(i) *Compensation for Damage.* To pay compensation for damage done by the Lessee to growing crops, fences and buildings or other improvements of the Lessor upon "the said lands".

(j) *Indemnity Against Claims and Actions.* That the Lessee will indemnify and save harmless the Lessor of from and against all actions, suits, claims and demands by any person whomsoever in respect of any loss, injury, damage or obligation arising out of or connected with the operations carried on by the Lessee, his servants or agents, in, under or upon "the said demised premises".

The Lessor and the Lessee do hereby mutually covenant and agree each with the other :

(a) *Review of Rental Every Seven Years upon Request of either Party.* Notwithstanding anything contained in this lease, upon the request of either party to this lease, the amount of rental payable in respect of "the demised premises" shall be subject to review at the end of seven years from the date hereof and at the end of each succeeding seven year period. Such request shall be in writing and given to the other party at least 30 days prior to the commencement of the period in respect of which the review of rental is sought. In case of any disagreement as to the amount of rental to be payable or any other matter in connection therewith, the Arbitration provisions of the Petroleum Regulations at the time in force shall apply.

(b) *Right of Surrender by Lessee and Removal of Equipment.* The Lessee shall have the right at any time, upon forty-five (45) days notice to that effect to the Lessor, to cease the use and occupation of "the demised premises" and in the event of the Lessee so doing, this lease shall terminate at the next succeeding anniversary date thereof and the Lessee shall have the right, within the balance of the rental year to remove or cause to be removed from "the demised premises" all structures, material and equipment of whatsoever nature or kind, which the Lessee may have placed on or in "the demised premises".

(c) *Discharge of Encumbrances by Lessee.* The Lessee has the option to pay or discharge any balance owing under any agreement of sale, any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect "the demised premises", in which event the Lessee shall be subrogated to the right of the holder or holders of such encumbrance and has, in addition thereto, the option to be reimbursed by applying to the amount so paid the rentals or other sums accruing to the Lessor under the terms of this lease.

(d) *Delegation or Assignment by Lessee.* The Lessee may delegate, assign or convey to other persons or corporations, all or any of the powers, rights and interests obtained by or conferred upon the Lessee hereunder and may enter into all agreements, contracts and writings and do all necessary acts and things to give effect to the provisions of this paragraph.

(e) *Notification of Change of Ownership.* That in event of the lessor disposing of "the said lands" or the lessee disposing of its interests in "the said lands" as provided for in this lease, then the party disposing of its interest shall give the other party notice of

such change and the name and address of the new Lessor or Lessee as the case may be.

(f) *Manner of Making Payments.* Any rental or payment required to be made to the Lessor by the Lessee under this lease may be made by sending a cheque or draft for the same by registered mail payable at par to the Lessor at his address for service of notices herein provided or by depositing to the Lessor's credit in the at (or in such other place as the Lessor may designate from time to time) the sum thereof on or before the date such rental or other payment becomes due.

(g) *Notices by Lessor or Lessee.* That any notice required to be given to the parties hereto shall be deemed to have been given fifteen (15) clear days after such notice is mailed by prepaid registered post properly addressed to such party and for the purpose of this clause, the proper address of the respective parties until change of notice shall be:

THE LESSOR — —

THE LESSEE — —

Time shall be in every respect of the essence of this lease.

LAW APPLICABLE AND COURT HAVING JURISDICTION

This lease shall for all purposes be construed according to the laws of the Province of Saskatchewan and in any cause of action arising hereunder or by virtue hereof shall be deemed to have arisen in the judicial district in which the said demised premises are situated.

MEANING OF TERMS "LESSOR" AND "LESSEE"

The terms "Lessor" and "Lessee" and reference thereto herein shall include the executors, administrators, (successors in the case of a corporation) and assigns of the Lessor and Lessee respectively and the said terms and references thereto in the singular number and masculine gender shall also include the plural number and feminine (and neuter in the case of corporation) gender, when the context so requires, and all covenants shall be construed as being joint and several.

.....
the above mentioned Lessee, doth hereby accept this lease of the above described lands as provided for in this lease to be held by the Lessee as tenant and subject to the conditions, restrictions and covenants above set forth.

I, wife of the above (or within) named, do hereby declare that I have executed this lease for the purpose of relinquishing all my rights in said homestead in favour of insofar as may be necessary to give effect to this lease.

In witness whereof the Lessor has hereunto set his hand and seal and the Lessee has hereunto set his hand and seal (or has caused its corporate seal to be hereunto affixed attested by the hands of its proper officers duly authorized in that behalf) the day and year first above written.

(NOTE: Strike out the part that does not apply.)

Signed, sealed and delivered }
by the above named Lessor }
in the presence of }

.....
Signed, sealed and delivered }
by the above named Lessee }
in the presence of }

CERTIFICATE

I,, Judge of the District Court for, (or as the case may be), do hereby certify that I have examined, Wife of, the owner of the within (or annexed) lease, separate and apart from her said husband, and she acknowledges to me that she signed the same of her own free will and consent and without any compulsion on the part of her husband and for the purpose of relinquishing her rights in the homestead in favour of, insofar as may be necessary to give effect to the within (or annexed) lease, and further that she was aware of what her rights in said homestead were.

I further certify that I have not, nor has my employer, partner or clerk, prepared the within (or annexed) lease, and that I am not, nor is my employer, partner or clerk otherwise interested in the transaction involved

.....
(NOTE: This form may be executed by a Judge of the District Court, Local Registrar of the Court of Queen's Bench, Registrar of Land Titles, or their respective Deputies, or a Solicitor, or a Justice of the Peace, or a Notary Public.)

AFFIDAVIT

Canada }
Province of Saskatchewan }
To Wit: }

I,, of the
of in the Province of
(Description)

Make Oath and Say as Follows:

1. That I was personally present and did see, named in the within (or annexed) lease, who is personally known to me to be the person named therein, duly sign and execute the same for the purposes named therein.

2. That the same was executed at the
of in the Province of on
the day of in the year
19.... and that I am the subscribing witness thereto.

3. That I know the said, and in my belief he is of the full age of twenty-one (21) years.

Sworn before me at the }
..... of in the }
Province of this }
..... day of A.D. 19.... }

AFFIDAVIT

Canada
Province of Saskatchewan }
To Wit:

I, _____, of the _____ of _____
in the Province of Saskatchewan, _____
(Description)

Make Oath and Say as Follows:

1. I am the Lessor (or the agent acting under Power of Attorney in my favour dated the _____ day of _____ 19____, granted by the Lessor) named in the within (or annexed) lease, and I say that no part of the said land is my homestead (or the homestead of the Lessor), or has been my homestead (or the homestead of the Lessor, as the case may be) at any time.

OR

1. I am the Lessor (or the agent acting under Power of Attorney in my favour dated the _____ day of _____ 19____, granted by the Lessor) named in the within (or annexed) lease and I say that I have (or such Lessor has) no wife.

OR

1. I am the Lessor (or the agent acting under Power of Attorney in my favour dated the _____ day of _____ 19____, granted by the Lessor) named in the within (or annexed) lease, and I say that my wife (or the wife of the Lessor) does not reside in Saskatchewan and has not resided therein at any time since the marriage.

Sworn before me at the _____ of _____ in the
Province of _____ this _____
_____ day of _____ A.D. 19____

Registrar, Commissioner,
(or as the case may be).

MR 151

Lease form supplied by
Department of Mineral Resources.

SCHEDULE B

FEES

The following fees shall be paid to the department in respect of work or services arising out of these regulations:

- (1) Application for lease\$ 10.00
- (2) Renewal of a lease 25.00
- (3) Registration of any assignment or disclaimer of interest, per lease, permit or drilling reservation 10.00
- (4) Registration or partial assignment of permit or lease, including issuance of a new permit or lease covering assigned portion and amending original lease or permit 25.00

- (5) Division of a lease by issuance of a new lease and amending original lease 15.00
- (6) Amending permit or lease upon withdrawal of portion of land or surrender of rights covered thereby 5.00
- (7) Registration of a farmout, sub-lease or other agreement where no change in registered ownership results, per lease, permit or drilling reservation 5.00
- (8) Filing of a document pursuant to subsection (3) of section 71 10.00
- (9) Grouping leases or permits for each lease or permit included in a group 5.00
- (10) Preparing certified copy of a lease 10.00
- (11) Preparing photocopy of any document, for each page 1.00
- (12) Preparing plans, maps, etc., per hour 2.00
Minimum 1.00
- (13) Search as per Schedule C 1.00
With land description of a permit or drilling reservation 2.00
- (14) Historical abstract as per Schedule D 5.00
- (15) Special situations requiring Order-in-Council 20.00

SCHEDULE C

Search of Permit/Lease/Drilling Reservation
No. _____

Name of Present Lessee/Permittee/Holder of
Drilling Reservation:

Address:

Commencement Date of Permit, Lease or
Reservation:

Total Acreage in Permit, Lease or Reservation
Land Description of Lease: (If permit or
reservation schedule required, additional fee
of \$1.00 will be charged):

Remarks

Dated at Regina, Saskatchewan, this _____
day of _____ 19____.

Administrator of Petroleum Lands.

(This information is provided for the convenience of the public and the Department of Mineral Resources does not assume any liability for any errors or omissions).

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

Department of Mineral Resources

ABSTRACT OF PETROLEUM AND NATURAL GAS LEASE,
PERMIT OR DRILLING RESERVATION

Abstract of the Records of Petroleum & Natural
Gas Lease/Permit/Drilling Reservation No:

Issued to:

Land Description:

Acres:

Commencement date:

Term:

ASSIGNMENTS, AGREEMENTS, LIENS AND ENCUMBRANCES REGISTERED

Document Number	Date of Instrument	Date Registered	Nature of Instrument	From	To	Remarks

Searched by:

Time:

Checked by:

Date:

.....
Administrator of Petroleum Lands.

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